



EUROPEAN COMMISSION

Brussels, 21.12.2021
C(2021) 9935 final

<p>In the published version of this decision, some information has been omitted, pursuant to articles 30 and 31 of Council Regulation (EU) 2015/1589 of 13 July 2015 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union, concerning non-disclosure of information covered by professional secrecy. The omissions are shown thus [...]</p>		<p>PUBLIC VERSION</p> <p>This document is made available for information purposes only.</p>
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Subject: **State Aid SA.63402 (2021/N) – Portugal**
COVID-19: Damages compensation to TAP II

Excellency,

1. PROCEDURE

- (1) Following pre-notification contacts¹, by electronic notification of 5 August 2021, Portugal notified a EUR 107.7 million aid to Transportes Aéreos Portugueses, S.A. (“TAP” or the “beneficiary”) as damage compensation pursuant to Article 107(2)(b) of the Treaty on the Functioning of the European Union² (“TFEU”) (the “damage compensation” or the “measure”). On 24 August and 11 September 2021, Portugal submitted additional information and amended its notification on 21 September and 22 October 2021.

¹ Portugal provided information on 3, 11 and 29 June and 30 July 2021.

² OJ C 326, 26.10.2012, p. 47.

S. Ex.^a o Ministro dos Negócios Estrangeiros
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Portugal

- (2) Portugal exceptionally agrees to waive its rights deriving from Article 342 TFEU in conjunction with Article 3 of Regulation 1/1958³ and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURE

2.1. Objective of the measure

- (3) Portugal considers that the COVID-19 pandemic and the related governmental restrictions introduced by Portugal severely affected the aviation sector. In that context, the measure seeks to make good the damage that TAP suffered due to the imposition of travel restrictions and other containment measures linked to the COVID-19 pandemic (the “COVID-19 restrictions” or “travel restrictions”) in place between 1 July and 30 December 2020 (the “compensation period”).
- (4) In particular, the measure aims at compensating the losses suffered by TAP due to COVID-19 restrictions on 44 routes operated or programmed by TAP during the compensation period to/from the following 18 countries: Angola, Brazil, Canada, Cape Verde, Gambia, Ghana, Guinea, Guinea Bissau, Israel, Ivory Coast, Morocco, Mozambique, Russia, São Tomé and Príncipe, Senegal, Togo, United States of America (USA) and Venezuela.

2.2. The travel restrictions linked to the COVID-19 pandemic during the compensation period

- (5) The COVID-19 pandemic has resulted in travel restrictions imposed by Member States and third countries and the temporary closing down of the vast majority of passenger air transport operations domestically, within the Union and globally.
- (6) Although most of the general confinement measures and border closures adopted by Member States at the beginning of the pandemic in the first quarter of 2020 were partially lifted at domestic and Union level in the course of June 2020, the COVID-19 virus continued afterwards to pose a serious threat. As a result, many travel and governmental restrictions remained in place or were (re)introduced during the second semester of 2020, in particular on travels to/from third countries.
- (7) The notification covers damages suffered on 44 routes operated by TAP to/from the third countries listed in recital (4). The 44 routes selected were operated by TAP from Portugal and suffered travel restrictions imposed by Portugal. The measure also takes into account travel restrictions imposed by Morocco on flights from/to Portugal, which reinforced the travel restrictions in place in Portugal for that destination. Travel restrictions were also introduced during the compensation period by some of the third countries concerned, further restricting travel in those instances where Portugal allowed essential travel.

³ Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

2.2.1. Recommendation from the Council of the European Union on restrictions on travel during the compensation period

- (8) On 30 June 2020, the Council adopted a recommendation on the gradual lifting of temporary restrictions on non-essential travel into the EU that had been recommended when the pandemic started⁴. That recommendation urged that travel restrictions should be lifted for countries listed in the recommendation, with that list being reviewed and updated every two weeks. For countries where travel restrictions continued to apply, the Council recommended to exempt from those travel restrictions Union citizens and their family members, long-term residents of the Union and their family members and travellers with an essential function or need as listed in the recommendation. The recommendation also indicated that a Member State should not decide to lift travel restrictions for non-listed third countries before this had been decided in a coordinated manner. That recommendation remained in place without substantial modification for the whole compensation period and beyond 30 December 2020.

2.2.2. Travel restrictions adopted by Portugal on travels to/from abroad

- (9) On 30 June 2020, Portugal issued order 6756-C/2020⁵, applicable from 1 July to 15 July 2020 and later renewed until 31 July 2020⁶,
- prohibiting air traffic to/from Portugal of any flights to/from non-EU countries or countries non-associated with the Schengen Area, except essential travelling: a) within and to countries of Portuguese language ("países de expressão oficial portuguesa"⁷); b) to/from the USA, considering the important presence of Portuguese communities;
 - authorizing air traffic to/from Portugal of all flights to/from EU countries and countries associated with the Schengen Area (Liechtenstein, Norway, Iceland and Switzerland) and the UK;
 - authorizing flights to/from countries with a positive epidemiological situation in accordance with recommendation of the Council of 30 June 2020, subject to reciprocity (Algeria, Canada, China, South Korea, Morocco, Tunisia);
 - authorizing flights approved by the government (Foreign Affairs, Internal Affairs, Health and Infrastructures and Housing) and repatriation flights.
- (10) On 31 July 2020, Portugal issued order 7595-A/2020⁸ prolonging the travel restrictions detailed at recital (9) from 1 until 15 August 2020 with an update of the list of countries with a positive epidemiological situation for which flights were authorized, subject to reciprocity: Australia, Canada, China, South Korea, Georgia, Japan, Morocco, New Zealand, Ruanda, Thailand, Tunisia and Uruguay

⁴ Council Recommendation (EU) 2020/912 of 30 June 2020 on the temporary restriction on non-essential travel into the EU and the possible lifting of such restriction, OJ L 208I, 1.7.2020, p. 1.

⁵ PT (1) - 2020-06-30_Despacho 6756-C_2020, <https://dre.pt/application/conteudo/136997545>.

⁶ On 15 July 2020, Portugal issued order 7212-B/2020 (PT (2) - 2020-07-15_Despacho 7212-B_2020, <https://dre.pt/application/conteudo/138059427>), applicable from 16 July to 31 July 2020, renewing measures stipulated under order 6756-C/2020.

⁷ Countries of Portuguese language are defined as Angola, Brazil (only São Paulo and Rio de Janeiro), Cape Verde, Guinea Bissau, Guinea, Mozambique, S. Tome & Principe and East Timor.

⁸ PT (3) - 2020-07-31_Despacho 7595-A_2020, <https://dre.pt/application/conteudo/139207965>.

(in accordance with the Council recommendation of 30 June 2020 referred to in recital (8)).

- (11) On 14 August 2020, Portugal issued order 8001-A/2020⁹, prolonging the travel restrictions detailed at recital (10) from 16 until 31 August 2020, with a reference to the Council recommendation of 7 August 2020¹⁰. That order was renewed until 31 October 2020¹¹.
- (12) On 30 October 2020, Portugal issued order 10712-F/2020¹², applicable from 1 to 14 November 2020, prolonging the travel restrictions detailed at recital (11) with an update of the list of countries with a positive epidemiological situation for which flights were authorized: Australia, China, South Korea, Japan, New Zealand, Ruanda, Singapore, Thailand, Uruguay, Hong Kong and Macau (in accordance with the Council recommendation of 22 October 2020¹³). As from 1 November 2020, Canada and Morocco were thus dropped from the list of countries from/to which flights were allowed, resulting in a flight ban between Portugal and those two countries. Those measures were prolonged until 30 December 2020¹⁴.
- (13) In essence, the relevant travel restrictions imposed by Portugal on non-EU and non-Schengen associated countries prohibited non-essential flights and permitted travelling only for certain professional, educational, family, health and humanitarian reasons. Repatriation flights returning foreign citizens who were in Portugal to their countries and Portuguese citizens back to Portugal were also allowed by the competent authorities of each country during the compensation period, subject to prior request, reciprocity and agreement. Table 1 summarises the travel restrictions applied by Portugal during the compensation period for the countries relevant for the purposes of the present decision.

Table 1 - Travel restrictions imposed by Portugal between 1 July and 30 December 2020

<i>Country</i>	<i>Flight ban</i>
Angola	Flight ban on non essential travels
Brazil	Flight ban on non essential travels

⁹ PT (4) - 2020-08-14_Despacho 8001-A_2020, <https://dre.pt/application/conteudo/140431117>.

¹⁰ Council Recommendation (EU) 2020/1186 of 7 August 2020.

¹¹ Order 8391-A/2020 of 31 August 2020, applicable from 1 to 14 September 2020 - PT (5) - 2020-08-31_Despacho 8391-A_2020, <https://dre.pt/application/conteudo/141597653> / Order 8777-C/2020 of 11 september 2020, applicable from 15 to 30 September 2020 - PT (6) - 2020-09-11_Despacho 8777-C_2020, <https://dre.pt/application/conteudo/142735578> / Order 9373-A/2020 of 30 September 2020, applicable from 1 to 14 October 2020 - PT (7) - 2020-09-30_Despacho 9373-A_2020, <https://dre.pt/application/conteudo/144246078> / Order 9934-A/2020 of 14 October 2020, applicable from 15 to 31 October 2020 - PT (8) - 2020-10-14_Despacho 9934-A_2020, <https://dre.pt/application/conteudo/145440397>.

¹² PT (9) - 2020-10-30_Despacho 10712-F_2020, <https://dre.pt/application/conteudo/147228360>.

¹³ Council Recommendation (EU) 2020/1551 of 22 October 2020.

¹⁴ Order 11231-A/2020 of 13 November 2020, applicable from 15 to 30 November 2020 - PT (10) - 2020-11-13_Despacho 11231-A_2020, <https://dre.pt/application/conteudo/148444008> / Order 11836-B/2020 of 30 November 2020, applicable from 1 to 15 December 2020 - PT (11) - 2020-11-30_Despacho 11836-B_2020, <https://dre.pt/application/conteudo/150109588> / Order 12202-A/2020 of 15 December 2020, applicable from 16 to 30 December 2020 - PT (12) - 2020-12-15_Despacho 12202-A_2020, <https://dre.pt/application/conteudo/151194477>.

Canada	Flights authorized until 31 October 2020 Flight ban on non essential travels from 1 November 2020
Cape Verde	Flight ban on non essential travels
Gambia	Flight ban on non essential travels
Ghana	Flight ban on non essential travels
Guinea	Flight ban on non essential travels
Guinea Bissau	Flight ban on non essential travels
Israël	Flight ban on non essential travels
Ivory Coast	Flight ban on non essential travels
Morocco	Flights authorized until 31 October 2020 Flight ban on non essential travels from 1 November 2020
Mozambique	Flight ban on non essential travels
Russia	Flight ban on non essential travels
São Tomé and Príncipe	Flight ban on non essential travels
Senegal	Flight ban on non essential travels
Togo	Flight ban on non essential travels
USA	Flight ban on non essential travels
Venezuela	Flight ban on non essential travels

2.3. Beneficiary

- (14) TAP is the beneficiary of the measure. Currently, TAP is directly owned by the Portuguese State, which holds 92% of its share capital, the remaining 8% being held by TAP SGPS.¹⁵ TAP SGPS is a holding company incorporated in 2003, that previously held 100% of shares of TAP until the Portuguese State increased its direct shareholding in TAP following the implementation of the aid approved under Article 107(2)(b) TFEU by Commission's decision of 23 April 2021, as referred to at recital (17).
- (15) TAP is the largest airline company based in Portugal and in 2019 represented more than [...] % of the arrivals and departures in Lisbon international airport. In 2019, TAP carried 17 million passengers. Portugal considers that TAP is a crucial economic operator in the country. In 2019, TAP contributed with EUR 3.3 billion to 1.5 % of Portugal's GDP, paid total wages of more than EUR [...] billion and directly or indirectly contributed to the employment of more than 110 000 persons in activities connected with or dependent of air transport.

2.4. Other measures to the benefit of TAP in the context of the COVID-19 pandemic

- (16) By decision of 10 June 2020, the Commission raised no objections to a rescue aid to TAP SGPS in the amount of EUR 1.2 billion¹⁶. The rescue aid took the form of a combination of public loans and loan guarantees to cover the minimum amount

¹⁵ TAP SGPS is a company controlled by the Portuguese State via Parpública - Participações Públicas, SGPS, S.A., a public undertaking managing the holdings of the Portuguese State, that holds 50% of its shares and via the Portuguese Ministry of the Treasury (Direção-Geral do Tesouro e Finanças), that holds 22.5% of its shares. The remaining shareholding of TAP SGPS belong to HPGB SGPS, S.A., a private holding company (22.5%) and to the employees of TAP SGPS (5%).

¹⁶ Commission Decision of 10.6.2020 in case SA.57369 – Aid to TAP, OJ C 228, 3.7.2020, p. 1.

necessary to meet the imminent liquidity needs for a six-month period prior to submitting a long-term restructuring plan. Portugal put into effect and disbursed the rescue aid to TAP SGPS in July 2020. On 19 May 2021, the General Court annulled the decision of 10 June 2020, but suspended the effects of the annulment pending the adoption of a new decision by the Commission¹⁷. The General Court found that the Commission failed to state reasons to the requisite legal standard in its decision of 10 June 2020, in particular omitting to indicate whether TAP SGPS belonged to a group within the meaning of point 22 of the rescue and restructuring guidelines¹⁸. On 16 July 2021, the Commission adopted a new decision raising no objections to the EUR 1.2 billion rescue aid¹⁹.

- (17) By decision of 23 April 2021²⁰, the Commission approved as compatible under Article 107(2)(b) TFEU aid to TAP for damages resulting from the COVID-19 pandemic due to the related travel restrictions during the period from 19 March to 30 June 2020, in form of a loan of EUR 462 million that could be converted into capital.
- (18) On 16 July 2021, the Commission opened a formal investigation procedure²¹, to assess whether the EUR 3.2 billion restructuring aid that Portugal plans to grant to TAP SGPS is in line with the rules on State aid to companies in difficulty. The aid aims at financing the restructuring plan of TAP SGPS, initially submitted to the Commission on 10 December 2020. The restructuring plan sets out a package of measures streamlining TAP's operations and reducing costs.

2.5. The impact of the COVID-19 restrictions on air transport demand in Portugal and on TAP between 1 July and 30 Decembre 2020

- (19) According to the International Air Transport Association ("IATA"), the Portuguese aviation industry suffered a loss of USD 5 billion in 2020, resulting from a drop of 74% in terms of passengers, which generated a negative impact of USD 9.2 billion in terms of GDP²². The International Civil Aviation Organization ("ICAO")²³ also points out the severe consequences of the pandemic on the aviation sector: in Portugal, the total number of flights, including passenger and

¹⁷ Judgment of 19 May 2021, *Ryanair v Commission (TAP; Covid-19)*, T-465/20, EU: T:2021:284. The General Court suspended the effects of the annulment of that decision for a period not exceeding two months from the date of the judgment if the Commission decided to adopt a new decision under Article 108(3) TFEU, and for a reasonable further period if the Commission decided to initiate the procedure under Article 108(2) TFEU.

¹⁸ Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty, adopted on 9 July 2014 - OJ C 249, 31.07.2014, p. 1.

¹⁹ Commission Decision of 16 July 2021 in case SA 57369 - Rescue aid to TAP SGPS, OJ C 345, 27.08.2021, p. 1.

²⁰ Commission Decision of 23 April 2021 in case SA 62304 - COVID-19: Damage compensation to TAP Portugal, OJ C-240, 18.06.2021, p. 33, as amended by Commission Decision of 12 May 2021 in case SA 63041 - COVID-19: Amendment of SA.62304 (2021/N) Damage compensation to TAP Portugal, not published yet.

²¹ Commission Decision of 16 July 2021 in case SA.60165 - Restructuring aid to TAP SGPS – OJ C 317, 6.8.2021, p. 13.

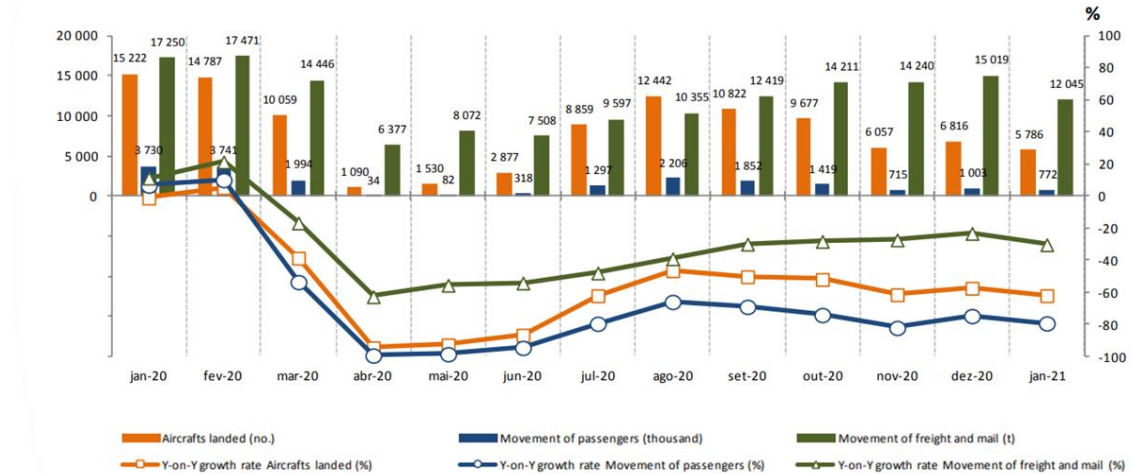
²² Information available on IATA's website: <https://www.iata.org/contentassets/7dc1ea282f944da29dc3fa62bfe57067/december-european-covid-impacts.pdf>.

²³ Economic Impacts of COVID-19 on Civil Aviation, available at <https://data.icao.int/coVID-19/operational.htm>.

cargo, domestic and international flights, decreased²⁴ by 53.8% year on year and the number of seats decreased by 58.16% year on year.

- (20) Containment measures caused a significant drop in the demand for air passenger travel in Portugal. According to the data of the Portugal Statistics Institute, traffic at Portuguese airports in 2020 compared to that of 2019 recorded a 56% drop on commercial flights landed and a 30.2% decrease in freight and mail (Figure 1)²⁵.

Figure 1 – Aircrafts landed, passengers and freight/mail movement at national airports



Source: Air Transport Flash Statistics by the Portuguese Institute of Statistics

- (21) The COVID-19 restrictions caused a significant drop in the demand for air transport from and to Portugal. According to Portugal, TAP’s business activities were significantly affected by the spread of the COVID-19 virus and by the disruptive effects that the virus and the travel bans had on the air transport sector in Europe and in the rest of world, causing a drastic reduction in the operating network and routes operated by the beneficiary.
- (22) Although the situation of the airline market improved as of July 2020 compared with the second quarter of 2020, air traffic remained severely affected by the ongoing COVID-19 pandemic, and tended to worsen as of the end of October 2020 with the increase of travel restrictions all over the world as a consequence of an emerging second wave of the pandemic.
- (23) The COVID-19 restrictions had a direct impact on TAP’s operations, which had started to decrease substantially from the first half of March 2020. TAP operated a total of [...] flights from July to December 2019 and only [...] from July to December 2020, all destinations included. As shown in Table 2, the total number of passengers decreased sharply throughout the second semester 2020, by [...]% over the period, as compared to the same period in 2019. Table 3 provides information on domestic flights, for which the decrease reached [...]%. The loss

²⁴ Information of 24 February 2021 from the ICAO COVID-19 dashboard - the period considered is January – November 2020.

²⁵ Air Transport Flash Statistics by the Portuguese Institute of Statistics, available at: https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=466260290&DESTAQUESmodo=2.

of passengers in the second semester 2020 compared to the same period in 2019 was sharper on international flights, as shown in Table 4: TAP registered [...] passengers on international and intercontinental flights during the period July-December 2019, whereas the same number fell by [...]% to [...] passengers in the same period of 2020.

Table 2 - Monthly number of passengers transported by TAP (all flight natures, all routes included)

	July	August	September	October	November	December	Total
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Difference 2020/2019	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%

Table 3 – Monthly number of passengers transported by TAP on domestic flights

	July	August	September	October	November	December	Total
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Difference 2020/2019	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%

Table 4 – Monthly number of passengers transported by TAP on international and intercontinental flights

	July	August	September	October	November	December	Total
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Difference 2020/2019	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%	[...] [...]%

(24) As a consequence, the operational margin (Earnings Before Interests and Taxes “EBIT”) of the beneficiary was severely affected by the reduction of its operations: Table 5 compares the monthly EBIT reached by the beneficiary during the compensation period with the same period of 2019. The decrease in EBIT between July and December 2020 compared to 2019 amounts to EUR [...] million in total peaking between October and December,.

Table 5 - Monthly consolidated results of TAP²⁶

2019, K€	July	August	September	October	November	December
Operational revenues	[...]	[...]	[...]	[...]	[...]	[...]
Operational costs	[...]	[...]	[...]	[...]	[...]	[...]
EBIT	[...]	[...]	[...]	[...]	[...]	[...]

2020, K€	July	August	September	October	November	December
Operational	[...]	[...]	[...]	[...]	[...]	[...]

²⁶ Including IFRS (International Financial Reporting Standards) adjustments and TAP Logistics.

revenues						
Operational costs	[...]	[...]	[...]	[...]	[...]	[...]
EBIT	[...]	[...]	[...]	[...]	[...]	[...]

(25) According to Portugal, the COVID-19 restrictions in place in Portugal – and in Morocco - during the compensation period that are listed in section 2.2 severely affected TAP’s operations, and particularly intercontinental and international flights. Portugal identified 44 intercontinental and international routes for which TAP registered significant losses due to the COVID-19 restrictions. Tables 6 to 23 provide the relevant information in terms of number of flights, passengers, aircraft load factor and revenues per country of destination and route.²⁷

Portugal – USA

(26) Portugal retains eight routes subject to damage compensation: Lisbon-Boston, Lisbon-Newark, Lisbon-New York, Lisbon-Washington, Lisbon-Miami, Lisbon-San Francisco, Lisbon-Chicago and Oporto-Newark. As shown in Table 6, on those eight routes, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...]%) with an average load factor of [...]% ([...]%) and overall revenues of EUR [...] million ([...]%).

Table 6 - The eight selected routes operated by TAP to/from the USA

Lisbon-Boston

LIS-BOS/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000’s EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

²⁷ [...].

Lisbon-Newark

LIS-EWR/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-New York

LIS-JFK/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Washington

LIS-IAD/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	-	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Miami

LIS-MIA/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-San Francisco

LIS-SFO/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Chicago

LIS-ORD/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Oporto-Newark

OPO-EWR/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal - Brazil

(27) Portugal retains 13 routes subject to damage compensation: Lisbon-Belem, Lisbon-Brasilia, Lisbon-Belo Horizonte/Confins, Lisbon-Rio de Janeiro, Lisbon-São Paulo/Guarulhos, Lisbon-Fortaleza, Lisbon-Natal, Lisbon-Porto Alegre, Lisbon-Recife, Lisbon-Salvador, Oporto-Rio de Janeiro, Oporto-São Paulo and Oporto-Lisbon-Rio de Janeiro. As shown in Table 7, on those 13 routes, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...] million. During the same period

in 2020, TAP transported [...] passengers ([...]%) with an average load factor of [...]% ([...]%) and overall revenues of EUR [...] million ([...]%).

Table 7 - The 13 selected routes operated by TAP to/from Brazil

Lisbon-Belem

LIS-BEL/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Brasilia

LIS-BSB/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	-	-	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Belo Horizonte/Confins

LIS-CNF/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]

2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	-	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Rio de Janeiro

LIS-GIG/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-São Paulo/Guarulhos

LIS-GRU/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total							

revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Fortaleza

LIS-FOR/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	-	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Natal

LIS-NAT/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Porto Alegre

LIS-POA/VV	July	August	September	October	November	December	Total
Number of passengers							

2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Recife

LIS-REC/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	-	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Salvador

LIS-SSA/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	-	-	[...]%	[...]%	[...]%	[...]%	[...]%

Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Oporto-Rio de Janeiro

OPO-GIG/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	-	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Oporto – São Paulo

OPO-GRU/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Oporto-Lisbon-Rio de Janeiro

OPO-LIS-GIG/VV	July	August	September	October	November	December	Total
Number of passengers							

2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Canada

(28) Portugal has identified the Lisbon-Toronto route for damage compensation. As exposed in Table 1, a flight ban was introduced by Portugal for flights to/from Canada from 1 November 2020. It was therefore possible to fly to Canada during 1 July and 31 October 2020. The damage compensation for the Lisbon-Toronto route will therefore be calculated only between 1 November and 30 December 2020, during the travel ban period to/from that country.²⁸

(29) As shown in Table 8, on the Lisbon-Toronto route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...]%) with an average load factor of [...]% ([...]%) and overall revenues of EUR [...] million ([...]%).

Table 8 - The selected route operated by TAP to/from Canada: Lisbon-Toronto

LIS-YYZ/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total							

²⁸ The figures corresponding to the months of July to October 2020 are thus provided in Table 8 are not accounted for in the calculations and are provided only for information.

revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Israel

- (30) In 2019, TAP operated the route Lisbon-Tel Aviv, which was suspended in 2020. As shown in Table 9, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...] million.

Table 9 - The selected route operated by TAP to/from Israel: Lisbon-Tel Aviv

LIS-TLV/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Russia

- (31) In 2019, TAP operated the route Lisbon-Moscow, which was suspended in 2020. As shown in Table 10, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...] million.

Table 10 - The selected route operated by TAP to/from Russia: Lisbon-Moscow

LIS-DME/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Venezuela

(32) In 2019, TAP operated the route Lisbon-Caracas, which was suspended in 2020 and resumed in November and December 2020 with two flights in total. As shown in Table 11, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...] % and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...] %) with an average load factor of [...] % ([...] %) and overall revenues of EUR [...] ([...] %).

Table 11 - The selected route operated by TAP to/from Venezuela: Lisbon-Caracas

LIS-CCS/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Angola

(33) In 2019 and 2020, TAP operated the route Lisbon-Luanda. As shown in Table 12, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...] % and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...] %) with an average load factor of [...] % ([...] %) and overall revenues of EUR [...] million ([...] %).

Table 12 - The selected route operated by TAP to/from Angola: Lisbon-Luanda

LIS-LAD/VV	July	August	September	October	November	December	Total
Nber of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Nber of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Mozambique

- (34) In 2019 and 2020, TAP operated the route Lisbon-Maputo. As shown in Table 13, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...] % and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...] %) with an average load factor of [...] % ([...] %) and overall revenues of EUR [...] ([...] %).

Table 13 - The selected route operated by TAP to/from Mozambique: Lisbon-Maputo

LIS-MPM/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Guinea Bissau

(35) In 2019 and 2020, TAP operated the route Lisbon-Osvaldo Vieira de Bissau. As shown in Table 14, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...])% with an average load factor of [...]% ([...])% and overall revenues of EUR [...] million ([...])%.

Table 14 - The selected route operated by TAP to/from Guinea Bissau: Lisbon-Osvaldo Vieira de Bissau

LIS-OXB/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	-	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Cape Verde

- (36) Portugal presents four routes to/from Cape Verde for damage compensation: Lisbon-São Vicente, Lisbon-Boa Vista, Lisbon-Praia and Lisbon-Sal Island. As shown in Table 15, on those four routes, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...]%) with an average load factor of [...]% ([...]%) and overall revenues of EUR [...] million ([...]%).

Table 15 - The selected routes operated by TAP to/from Cape Verde

Lisbon-São Vicente

LIS-VXE/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Boa Vista Island

LIS-BVC/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in							

000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Praia

LIS-RAI/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Sal Island

LIS-SID/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Senegal

(37) In 2019 and 2020, TAP operated the route Lisbon-Dakar. As shown in Table 16, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...] % and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...] %) with an

average load factor of [...]% ([...]%) and overall revenues of EUR [...] million ([...]%).

Table 16 - The selected route operated by TAP to/from Senegal: Lisbon-Dakar

LIS-DKR/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Gambia

(38) In 2019, TAP operated the route Lisbon-Banjul, which was suspended in 2020. As shown in Table 17, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...].

Table 17 - The selected route operated by TAP to/from Gambia: Lisbon-Banjul

LIS-BJL/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Ghana

- (39) In 2019, TAP operated the route to Lisbon-Accra, which was suspended in 2020. As shown in Table 18, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...] % and overall revenues of EUR [...] million.

Table 18 - The selected route operated by TAP to/from Ghana: Lisbon-Accra

LIS-ACC/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...] %	[...] %	[...] %	[...] %	[...] %	[...] %	[...] %
2020	[...] %	[...] %	[...] %	[...] %	[...] %	[...] %	[...] %
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Ghana - São Tome and Principe

- (40) In 2019 and 2020, TAP operated a route to São Tome and Principe, which includes a stopover in Accra: Lisbon-Accra-São Tome. As shown in Table 19, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...] % and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...] %) with an average load factor of [...] % ([...] %) and overall revenues of EUR [...] million ([...] %).

Table 19 - The selected route operated by TAP to/from São Tome and Principe: Lisbon-Accra-São Tome

LIS-ACC-TMS/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]

2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Ghana - Togo

(41) In 2019, TAP operated two routes to Togo, which include a stopover in Accra, either at departure or return to Lisbon: Lisbon-Accra/Accra-Lomé-Lisbon and Lisbon-Lomé/Lomé-Accra-Lisbon, which were suspended in 2020. Portugal presents those two routes for damage compensation. As shown in Table 20, on those route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...] % and overall revenues of EUR [...] million.

Table 20 - The two selected routes operated by TAP to/from Togo via Ghana

Lisbon-Accra/Accra-Lomé-Lisbon

LIS-ACC/ACC-LFW-LIS	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Lomé/Lomé-Accra-Lisbon

LIS-LFW/LFW-ACC-LIS	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Guinea

(42) In 2019, TAP operated the route Lisbon-Conakry, which was suspended in 2020 and resumed in December 2020. As shown in Table 21, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...] million. During the same period in 2020, TAP transported [...] passengers ([...]%) with an average load factor of [...]% ([...]%) and overall revenues of EUR [...] ([...]%).

Table 21 - The selected route operated by TAP to/from Guinea: Lisbon-Conakry

LIS-CKY/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Ivory Coast

- (43) In 2019, TAP operated the route Lisbon-Abidjan, which was suspended in 2020. As shown in Table 22, on that route, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...] % and overall revenues of EUR [...] million.

Table 22 - The selected route operated by TAP to/from Ivory Coast: Lisbon-Abidjan

LIS-ABJ/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...] %	[...] %	[...] %	[...] %	[...] %	[...] %	[...] %
2020	[...] %	[...] %	[...] %	[...] %	[...] %	[...] %	[...] %
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Portugal – Morocco

- (44) Morocco introduced a ban on flights to/from Portugal throughout the compensation period, whereas Portugal implemented a ban for flights to/from Morocco from 1 November 2020 until the end of the compensation period. Therefore TAP could not fly routes to Morocco during the whole compensation period. Morocco declared a public health emergency and implemented a border closure as of 23 March 2020²⁹, which it extended uninterruptedly until 15 June 2021³⁰. While it began to permit some non-regular flights from 19 July 2020 onwards, flights to/from Portugal were not covered by that permission. In that context, Morocco applied flight restrictions on flights from/to Portugal and other countries following recommendations of its Sanitary and Scientific Committee regarding the epidemiological situation abroad. Morocco thus suspended flights to/from Portugal during the whole compensation period. Portugal imposed a

²⁹ Decree-law no. 2-20-292 of 23 March 2020 and Decree-Law no. 2-20-293 of 24 March 2020.

³⁰ For the compensation period, monthly decrees were in force starting by Decree no. 2.20.406, published in Bulletin Officiel no. Bis-6889, of 9 June 2020 until Decree no. 2.20.788, published in Bulletin Officiel no. 6933, of 9 November 2020 which was in force until the end of the compensation period and then extended thereafter by Decree no. 2.20.960, published in Bulletin Officiel no. 6950, of 7 January 2021.

travel ban to/from Morocco from 1 November 2020. As a consequence, TAP suffered travel restrictions imposed by both countries and did not fly to Morocco throughout the compensation period.

- (45) In 2019, TAP operated four routes to Morocco, which were thus suspended in 2020. Portugal presents those four routes for damage compensation: Lisbon-Casablanca, Lisbon-Fez, Lisbon-Marrakech and Lisbon-Tanger. As shown in Table 23, on those four routes, from 1 July to 30 December 2019, TAP transported [...] passengers with an average load factor of [...]% and overall revenues of EUR [...] million, whereas there was no flight by TAP in the same period of 2020.

Table 23 - The four selected routes operated by TAP to/from Morocco

Lisbon-Casablanca

LIS-CMN/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Fez

LIS-FEZ/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total							

revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Marrakech

LIS-RAK/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Lisbon-Tanger

LIS-TNG/VV	July	August	September	October	November	December	Total
Number of passengers							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Number of flights							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Passenger load factor							
2019	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
2020	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
Total revenues (in 000's EUR)							
2019	[...]	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]	[...]

2.6. National legal basis and administration of the measure

- (46) Article 174 of the 2021 State budget law³¹ allows for the transfer of financial assets from the State budget that can be paid out before February 2022, provided that the obligation for the State has been incurred by 31 December 2021 and the amount of the assets has been determined by that date. After the Commission's approval of the measure under assessment, the competent Portuguese authorities will be in charge of adopting the executive acts to implement the transfer of financial assets charged to the State budget 2021 for the amount of damage compensation established in the present decision.
- (47) The Directorate General for Treasury and Finance at the Ministry of Finance is responsible for administering the measure.

2.7. Form, budget, and duration of the measure

- (48) The measure provides aid for a total amount of EUR 107.1 million in the form of a capital injection or a loan, convertible until the end of 2021, with an interest rate corresponding to the 10-year treasury bonds. The aid will be financed from the Portuguese State Budget.
- (49) The aid will cover the damages directly caused to TAP by the COVID-19 restrictions during the compensation period. The amount of the aid is calculated in line with the methodology set out in section 2.8.

2.8. Eligible costs and detailed arrangements for damage compensation under Article 107(2)(b) TFEU

- (50) Portugal has provided a methodology to establish the damage in the second semester of 2020 due to travel restrictions and the corresponding compensation. The methodology determines the damage suffered by TAP on 44 routes between Portugal and 18 countries that is directly due to travel restrictions implemented by Portugal (and by Morocco for the routes to/from that country). TAP was not entirely prevented from operating air services in all of those routes during the entire compensation period: as explained in recital (13), essential travels were permitted and repatriation flights were operated during the compensation period.. The proposed methodology aims at capturing the direct impact of the travel restrictions, while at the same time excluding as precisely as possible the impact of other indirect factors causing losses to TAP, such as the fall of demand due to uncertainty, other sanitary measures slowing down the spread of the virus such as quarantines, tests or vaccination requirements or the effects of the economic crisis linked to the COVID-19 pandemic.
- (51) The damage has been calculated by Portugal on the basis of TAP's consolidated accounts for 2020, which have been duly audited and approved under the applicable Portuguese legislation.

Overall methodology

³¹ Orçamento do Estado para 2021 approved by Law no. 75-B/2020 of 31 December 2020.

- (52) Portugal defines the damages as the net losses due to the travel restrictions implemented by Portugal – and Morocco - as a consequence of the COVID-19 pandemic: the eligible losses correspond to the damage directly suffered by TAP during the compensation period on the 44 routes listed in section 2.5.
- (53) The net losses in that period are quantified as the difference between the profit/loss incurred between 1 July and 30 December 2020 on the 44 routes that can be attributed to the measures taken by Portugal – and Morocco - and those incurred during the same period in 2019. That calculation takes into account – for each route listed in section 2.5 - the revenue losses, the additional and avoided variable costs, and the difference in the fixed costs incurred by TAP on the affected routes by comparison to the same period of 2019, as well as a correction factor applied to TAP’s 2019 profits corresponding to the retention rate of passengers on TAP’s domestic flights, as detailed in the following:
- (a) loss of revenue: an assessment of the impact of the travel restrictions taken by Portugal – and Morocco - as a consequence of the COVID-19 pandemic on total revenues;
 - (b) additional and avoided costs: an assessment of the impact of the travel restrictions taken by Portugal – and Morocco - as a consequence of the COVID-19 pandemic on costs, including (i) variable costs (*e.g.* fuel and CO₂ costs, operating costs of traffic³², personnel costs, aircraft maintenance and commercial costs³³) and (ii) fixed costs (*e.g.* fixed operating costs and overhead costs);
 - (c) the retention rate: it corresponds to the number of domestic passengers who did travel in 2020 in the absence of travel restrictions, as a percentage of the domestic passengers who did travel in 2019. That retention rate of passengers on TAP’s domestic flights is applied to 2019’s data of all routes (revenues and variable costs) to establish the counterfactual to which 2020 data will be compared.³⁴ The application of the retention rate, therefore, reduces the damage, which will not include the entire reduction of EBIT registered in the second semester of 2020 as compared with the same period in 2019 (namely EUR [...] million). The retention rate on TAP’s domestic flights estimates the percentage of passengers (and related revenues and variable costs) that would have hypothetically travelled without travel restrictions in 2020, and allows to determine the damage eligible for compensation. It leaves aside revenues and costs from those passengers that, due to personal or other reasons unrelated to travel restrictions, would not have flown with TAP, in any event, on the selected routes. The retention rate thus reduces the amount of damage in that it avoids accounting for revenues and costs related to all passengers that did

³² Operating costs of traffic include in particular food and beverage, landing fees, rents, professional services.

³³ Commercial costs refer to costs of sales and marketing directly linked to the operations.

³⁴ Fixed costs have been estimated to decline less than proportionally to the retention rate, which is consistent with the fact that fixed costs tend to respond less than proportionally to variations in the number of passengers. This is a conservative approach that leads to a lower damage quantification than applying the retention rate proportionally to the fixed costs.

not travel in the compensation period of 2020 compared to the same period in 2019.

- (54) For Canada, a flight ban was introduced by Portugal for flights to/from Canada from 1 November 2020. It was therefore possible to fly to Canada during 1 July and 31 October 2020. The methodology applied for the damage calculation of the Lisbon-Toronto route therefore takes only into account the damages suffered during the travel ban period to/from that country, *i.e.* between 1 November and 30 December 2020.
- (55) As explained in recital (44), Morocco introduced a ban on flights to/from Portugal throughout the compensation period, whereas Portugal implemented a ban for flights to/from Morocco from 1 November 2020 until the end of the compensation period. Therefore TAP could not fly the Moroccan routes during the whole compensation period, as explained in recital (44). The damage has thus been calculated on the whole compensation period.
- (56) During the compensation period, the relevant travel restrictions affected specific routes³⁵. In order to identify the damage directly caused by the COVID-19 pandemic through those travel restrictions, Portugal submitted a detailed route-by-route assessment according to the following methodology.

Retention rate

- (57) *First*, Portugal identified a category of routes – namely, domestic routes – operated by TAP free of travel restrictions for most of the compensation period, and compared the traffic registered therein during the relevant period in 2020 with the traffic registered on those same routes for the same period in 2019. Passenger traffic on domestic routes in Portugal was relatively stable and not significantly affected by travel and sanitary restrictions on mobility during the periods from 1 August 2020 until 8 November and from 22 December until 30 December 2020³⁶. The reasons are as follows.
- (58) In respect of domestic travel, the end of a state of “calamity”, declared from 2 May until 31 May 2020³⁷ and further extended until 28 June³⁸ permitted a gradual reopening of various sectors of activity in Portugal, while still imposing confinement measures, such as limitations to and conditions on the free mobility of people as well as the setting of sanitary and safety enclosure areas, when and where necessary owing to the pandemic-related situation of specific regions, districts or parishes. As a result, demand for domestic air travel was negatively and very significantly influenced by the sanitary situation and local restrictive measures until the end of July 2020. Traffic flows during the month of July do not show and were inconsistent with a pattern of a steady and significant increase,

³⁵ For all but one of the 44 routes mentioned at section 2.5, the damage has been calculated on the whole compensation period as the travel bans covered the whole compensation period. The sole exception is the Canadian route, for which the damage has been calculated on the last two months of the compensation period, since the travel ban was in effect only in those two months.

³⁶ In addition to the period August-October 2020, the two periods 1-8 November and 23-30 December 2020 were taken into account in the calculation of the retention rate.

³⁷ Resolution of Council of Ministers n°. 33-A/2020, of 30 April 2020, extended by Resolution of Council of Ministers no. 38/2020, of 17 May 2020.

³⁸ Resolutions of Council of Ministers no. 40-A/2020 of 29 May, no. 43-B/2020 of 12 June.

first, and stabilisation, later, of air travel on domestic routes in Portugal. In the month of June 2020, the weekly number of domestic passengers actually decreased from first to last week, then slowly ramped-up and only stabilised in the second half of August³⁹.

- (59) Later on, the pandemic situation in Portugal deteriorated again from 9 November to 22 December 2020. On 6 November 2020, Portugal declared a state of emergency⁴⁰ that was initially in force between 9 and 23 November 2020. The state of emergency introduced a general prohibition of circulation in public spaces and roads⁴¹, from 11.00 pm to 05.00 am on weekdays and from 1.00 pm until 05.00 am on Saturdays, Sundays and holidays. Portugal extended the state of emergency until 8 December 2020⁴² and introduced a graduation of restrictive measures depending on the risk level of each municipality, among which the prohibition of circulation in public spaces and roads between 11.00 pm and 05.00 am and a general duty of confinement during the remaining hours; a prohibition of circulation in public spaces and roads on Saturdays, Sundays and holidays between 1.00 pm and 05.00 am in very high or extreme risk municipalities⁴³, which include municipalities with the international airports of Lisbon, Porto and Faro. Traveling between municipalities was prohibited on the weekends before/after two national holidays of 1 and of 8 December. The state of emergency was extended until 22 December 2020⁴⁴. The consequence of those restrictive measures is portrayed in Table 24, which shows that TAP registered [...] % fewer non-connecting passengers on domestic flights in November 2020 and [...] % fewer in December 2020 compared to the same months of 2019. Restrictive measures were then alleviated in view of the Christmas period, and travelling within the Portuguese territory was allowed during that period.⁴⁵ Therefore, the period from 9 November to 22 December 2020 cannot provide a suitable benchmark to assess what the behaviour of passengers would have been without restrictive measures.

Table 24 - TAP monthly non-connecting passengers on domestic flights

Month	07	08	09	10	11	12
2019	[...]	[...]	[...]	[...]	[...]	[...]
2020	[...]	[...]	[...]	[...]	[...]	[...]

³⁹ The intra-month – weekly - data as from June 2020 shows a pattern that does not reach a stable plateau and similar volatility (as measured by standard deviation) until August 2020. In particular, weekly traffic flows in June [...] % in week 24 (9 to 16 June 2020) over week 23, by [...] % in week 25 over week 24 and by [...] % in week 26 (23 June to 30 June) over week 25. Traffic flows [...] significantly only in week 31 (28 July to 4 August) with [...] confirmed in week 32 and [...] in week 33, from 11 to 18 August 2020.

⁴⁰ Presidential Decree no. 51-U/2020 of 6 November 2020.

⁴¹ Decree no. 8/2020 of 8 November 2020.

⁴² Presidential Decree no. 59-A/2020 and Decree no. 9/2020 of 20 November 2020.

⁴³ 127 out of 278 municipalities in mainland Portugal.

⁴⁴ Presidential Decree no. 61-A/2020 of 4 December 2020.

⁴⁵ Decree no. 11/2020 of 6 December 2020 and Presidential Decree no. 66-A/2020 of 17 December 2020, which renovated the state of emergency for the period 24 December 2020 - 7 January 2021 and which was regulated through Decree n. ° 11-A/2020 of 21 December 2020.

Variation	[...]%	[...]%	[...]%	[...]%	[...]%	[...]%
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- (60) In terms of volume, the number of passengers on TAP’s domestic routes during the relevant period constitutes a sample that is sufficiently significant and representative to identify the approximate volume of passengers that travelled in the absence of any travel restrictions.⁴⁶ TAP’s domestic routes include mainland and islands routes (Azores and Madeira), comprising [...] rotations in the second half of 2019 and [...] rotations in the same period in 2020, as well as [...] flights in the second half of 2019 and [...] flights in the same period in 2020. As shown in Table 3, [...] passengers were transported by TAP on domestic routes in the second half of 2019 and [...] in the same period in 2020. Roughly, the data in 2020 for the relevant variables (rotations, flights and passengers) amounts [...] of the same data in 2019, so that the sample is, therefore, broad enough to draw meaningful conclusions.
- (61) The period including 1 August to 8 November 2020 and 22 December to 30 December 2020 constitutes, therefore, a suitable benchmark period to identify the volume of passengers that travelled in the absence of any travel restrictions. During that period, domestic routes were operated by TAP in the absence of any travel restriction. The exercise of comparison with the same period in 2019 makes it possible to identify the approximate volume of passengers that travelled in the absence of any travel restrictions.
- (62) The approach applied by Portugal to determine the relevant number of domestic passengers seeks to ensure that only those passengers whose journey is not affected by a travel restriction are taken into account. Thus, to establish the relevant number of domestic passengers, Portugal took the total number of passengers transported by TAP only on domestic routes in 2019 and 2020 during the period defined in recital (57). Portugal excluded the connecting passengers transported by TAP in 2019 that had any international leg in their journey. With that approach, Portugal took into account that such trips contained at least one leg affected by travel restrictions and would thus not have taken place at all in 2020. Given that travel restrictions might have affected episodically or permanently international routes during the compensation period, Portugal decided not to take into account the portion of domestic passengers corresponding to connecting passengers, and to retain only domestic passengers travelling point-to-point within Portugal (mainland and islands) to establish a counterfactual encompassing the compensation period. The exclusion of connecting passengers establishes more accurately and appropriately the benchmark of the volume of passengers that TAP would have hypothetically expected to transport during the compensation period, absent the travel restrictions and lockdown measures on the eligible routes.
- (63) Portugal calculated the number of non-connecting passengers (*i.e.* travelling point-to-point within Portugal) on all Portuguese domestic routes during the

⁴⁶ TAP’s European routes could not generally be effectively used in the calculation of the retention rate, as, during the second semester 2020, some intra-European routes were still subject to partial travel bans and other national restrictive measures, which would have undermined the representativity of the sample to identify the approximate volume of passengers that travelled in the absence of any travel restrictions.

period considered in 2020 (as referred to in recital (57)). That number was [...]% lower than in the same period of 2019, meaning that [...]% of the 2019 domestic passengers did travel in 2020 in the absence of travel restrictions. That correction factor, corresponding to the retention rate of passengers on TAP's domestic flights, is applied to 2019's data.

- (64) By comparison, a number of international and intercontinental routes were affected by travel restrictions during the compensation period and retained lower percentages of passengers than the domestic routes. The difference between those lower percentages and the [...]% of passengers travelling on domestic routes indicates the specific impact of the travel restrictions in terms of number of traveling passengers. That difference provides a proxy to identify the passengers who did not fly because of the travel restrictions while excluding the passengers who would probably not have flown in any event due to risks or containment measures.

Revenues and variable costs

- (65) *Second*, the loss of passengers attributable to the travel restrictions for a number of international and intercontinental routes implied a significant reduction of revenues as well as savings of variable costs. The retention rate has been applied to the data on revenues and variable costs for 2019 to estimate the revenues and variable costs that TAP would have retained on the routes eligible for damage compensation during the compensation period in 2020 in the absence of the travel restrictions. Those estimates have been compared to the actual revenues and variable costs on the routes eligible for damage compensation during the compensation period in 2020. The difference provides an estimate of the lost revenues and avoided variable costs on the relevant routes stemming from the loss of passengers directly attributable to the travel restrictions.

Fixed costs

- (66) *Thirdly*, while fixed costs do not tend to vary significantly with ordinary fluctuations of passengers that are observed in the normal course of business, they can show some variation when the change in the number of passengers is significant, as it is the case for passenger reductions, for example of [...]% (for the USA) or [...]% (for Brazil) observed on routes to/from countries covered in recital (4). At the same time, it cannot be assumed that fixed costs decreased proportionally to the number of passengers, as if they were (fully) variable. The lower than proportional variation of fixed costs with the number of passengers reflects the economies of scale of the economic activity. The level of fixed costs corresponding to a retention of [...]% of passengers has been estimated using a linear approximation,⁴⁷ based on the actual fixed costs and passenger volumes in 2019 and 2020.⁴⁸

⁴⁷ The linear approximation estimates the relevant portion of TAP's fixed costs for the routes concerned comparing their respective amount between 2020 and 2019 weighted by the number of passengers. The fixed costs are apportioned based on an objective arithmetic linear relationship between the fixed costs to be allocated route by route and the number of passengers transported in the relevant period.

⁴⁸ The actual fixed costs and number of passengers of TAP observed in 2019 and in 2020 provide empirical evidence of the fixed costs of TAP that correspond to two very different levels of passengers. Those two pairs of data show that fixed costs can be adjusted downwards when the level

- (67) The allocation of fixed costs route-by-route is based on the actual allocation keys⁴⁹ used by TAP in 2019. Many routes exhibit in 2020 reduced or no traffic due to transitory and not permanent circumstances. Capacity cannot be adjusted quickly and temporarily; hence the fixed costs corresponding to routes temporarily suspended cannot be avoided. Thus, fixed costs have been allocated route-by-route in 2020 based on the allocation shares of 2019.

Calculation of the damage

- (68) The application of that route-by-route analysis entailed the identification of the number of passengers, revenues, variable and fixed costs and profits for all 44 affected routes to/from countries identified in recital (4). Based on that route-by-route analysis, Portugal submits that EUR 107.7 million can be considered to constitute the damage suffered by TAP that is directly linked to the COVID-19 pandemic and the related travel restrictions in force between 1 July and 31 December 2020. Portugal subsequently revised the amount of the damage and reduced it to EUR [...], further to the assessment undertaken by the Commission, as described in recital (106).

2.9. Commitments

- (69) Portugal commits to put in place the following safeguards to avoid overcompensation:
- a. Any payment to TAP regarding the aid will be net of any amount recovered by insurance, litigation, arbitration or other source for the same damage. If the aid is paid out before the insurance, Portugal will recover the amount corresponding to the insurance from TAP.
 - b. The benefit of the aid is excluded to the extent that TAP is responsible for the damage suffered or did not conduct its activities with due diligence or in compliance with the applicable legislation or did not take any measure to mitigate its damages.
 - c. The aid under the measure will not be cumulated with any other aid for the same eligible costs.
 - d. No later than one year after the date of the Commission decision, Portugal will provide the Commission with a report established by an independent financial auditor, producing the results of the assessment of the damage and, in particular i) specifying the amount of compensation granted, and ii) including a summary of all recoveries ordered under the measure.

2.10. Transparency

of passengers is reduced significantly, but only to a limited extent. The linear approximation consists in using the limited reduction of fixed costs observed between 2019 and 2020, applying it proportionally to the lower reduction of [...] % of 2019 passengers that it is assumed would have occurred absent the relevant travel restrictions.

⁴⁹ That is the percentage of the fixed costs of a given route from the total fixed costs of all routes.

- (70) Portugal commits that it will publish the relevant information on the aid and the beneficiary in line with the requirements of the Commission's communication on transparency⁵⁰ on the government website⁵¹.

3. ASSESSMENT

3.1. Lawfulness of the measure

- (71) Portugal will not put the measure into effect before the Commission's approval. Therefore, Portugal has respected the standstill obligation laid down in Article 108(3) TFEU.

3.2. Existence of State aid

- (72) For a measure to be categorized as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (73) As referred to in recital (48), the aid is imputable to the State and financed through State resources, since the capital increase or the convertible loan will be awarded by the Directorate General for Treasury and Finance of Portugal and funded by the general budget of Portugal.
- (74) The measure confers an advantage to TAP by compensating TAP for damage directly caused by the COVID-19 restrictions. TAP will receive that compensation in the form of a capital increase or a convertible loan. The compensation of costs incurred as a result of COVID-19 related travel restrictions relieves the beneficiary from costs that it would have had to bear under normal market conditions.
- (75) The advantage granted by the measure is selective because it is provided to a single beneficiary, TAP.
- (76) The measure is liable to distort competition, since it strengthens the competitive position of TAP. It also affects trade between Member States, since TAP is active in the aviation sector, in which intra-Union trade exists.
- (77) In view of the reasons above, the Commission concludes that the measure constitutes State aid within the meaning of Article 107(1) TFEU. Portugal does not contest that conclusion.

⁵⁰ Communication from the Commission amending the Communications from the Commission on EU Guidelines for the application of State aid rules in relation to the rapid deployment of broadband networks, on Guidelines on regional State aid for 2014–2020, on State aid for films and other audio-visual works, on Guidelines on State aid to promote risk finance investments and on Guidelines on State aid to airports and airlines (OJ C 198, 27.6.2014, p. 30).

⁵¹ <https://www.portaldiplomatico.mne.gov.pt/sobre-nos/gestao-e-transparencia/documentos-legais>.

3.3. Compatibility of the measure

- (78) Since the damage compensation involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that aid is compatible with the internal market.

3.3.1. The notion of exceptional occurrences within the meaning of Article 107(2)(b) TFEU

- (79) Article 107(2)(b) TFEU provides that aid to make good damage caused by natural disasters or exceptional occurrences shall be compatible with the internal market. Neither the TFEU nor Union legislation contains a precise definition of the notion of exceptional occurrence. As they constitute exceptions to the general prohibition of State aid within the internal market laid down in Article 107(1) TFEU, the Commission, in line with the consolidated Union courts' case-law⁵² has consistently held that the notions of 'natural disaster' and 'exceptional occurrence' referred to in Article 107(2)(b) TFEU must be interpreted restrictively.
- (80) The characterisation of an event as being an exceptional occurrence is made by the Commission on a case-by-case basis, having regard to its previous practice in the field.⁵³ In that regard, the following indicators relating to the event concerned must be cumulatively met: (i) unforeseeable or difficult to predict⁵⁴; (ii) significant scale/economic impact⁵⁵ and (iii) extraordinary, i.e. differing sharply from the conditions under which the market normally operates⁵⁶.

3.3.2. COVID-19 pandemic as an exceptional occurrence

⁵² Judgment of the Court of Justice of 11 November 2004, *Spain v Commission*, C-73/03, EU:C:2004:711, paragraph 37 and judgment of the Court of Justice of 23 February 2006, *Atzeni and others*, in Joined Cases C-346/03 and C-529/03, EU:C:2006:130, paragraph 79.

⁵³ Events that the Commission considered to be exceptional occurrences include war, internal disturbances and strikes, and, with certain reservations and depending on their extent, major industrial accidents which result in widespread economic loss; see Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020, paragraph 330, OJ C 204, 1.07.2014, p. 53.

⁵⁴ Commission decision of 1 August 2008 in case SA.32163, Remediation of damage to airlines and airports caused by seismic activity in Iceland and the volcanic ash in April 2010, Slovenia, paragraph 31, OJ C 135, 9.5.2012, p. 1.

⁵⁵ Elements taken into account by the Commission to consider that the occurrence reached a significant scale: negative consequences cannot be contained (Commission decision of 4 October 2000 in case NN 62/2000, Régime temporaire d'aides aux entreprises victimes des intempéries et de la marée noire –France, OJ C 127, 29.05.2003, p. 32), or the number of dead or injured people (Commission decision of 11 April 2012 in case SA.33487, Agricultural and fisheries aid to compensate for damage due to exceptional occurrence (red mud "Aluminium accident"), Hungary, paragraph 35, OJ C 120, 25.04.2012, p. 1; Commission decision of 2 May 2002 in case N241/2002, Régime en faveur des entreprises victimes de la catastrophe industrielle de Toulouse, France, paragraph 19, OJ C 170, 16.07.2002, p. 16), the immense ecological and economic damage (Commission decision of 11 April 2012 in case SA.33487, paragraph 36, OJ C 120, 15.04.2012, p. 1), the amount of material damage, despite the local character of the industrial accident (Commission decision of 2 May 2002 in case N 241/2002, paragraph 19, OJ C 170, 16.07.2002, p. 16).

⁵⁶ In its decision of 19 May 2004 in case C-59/2001 (OJ L 32, 06.02.2007, p. 14), the Commission considered that the (alleged) fall in sales of poultry meat in a Member State not directly affected by the dioxin contamination did not in itself constitute an exceptional occurrence. Even though it was an unforeseeable event, it formed part of the normal commercial risks to which an undertaking is exposed.

- (81) Following the first reports of cases of acute respiratory syndrome (COVID-19) in the Wuhan municipality in China at the end of December 2019, the Chinese authorities identified a novel coronavirus (SARS-CoV-2) as the main causative agent, which had not been previously identified in humans. The pandemic rapidly evolved, affecting not only other parts of China but has also spread to the majority of countries worldwide, including all Member States. pandemics of novel virus infections among people are always a public health concern and can have a significant economic impact. Specific sectors and areas are particularly affected by the pandemic, be it because of national pandemic control measures, travel restrictions or supply chain disruptions.
- (82) The World Health Organization warned about the very high risk that COVID-19 would spread and have a global impact. The subsequent spread of COVID-19 ultimately resulted in far-reaching disruption of various economic sectors. That disruption was thus clearly outside the normal functioning of the market. In order to avoid an exponential increase in the number of cases, accompanied by social alarm and severe economic consequences, containment measures needed to be adopted.
- (83) On 11 March 2020, the World Health Organisation characterised the COVID-19 disease as a pandemic. The public health risk deriving from the absence of therapeutics or vaccines for the novel COVID-19 virus determined the exceptionality of the circumstances. The rapidity of the spread caused enormous consequences both in terms of fatal outcomes in high-risk groups and in terms of economic and societal disruption.⁵⁷ The necessity to adopt and encourage the respect of measures aimed at interrupting transmission chains stemmed from that acknowledgement.
- (84) The COVID-19 pandemic was not foreseeable and is clearly distinguishable from ordinary events, by its character and its effects on the affected undertakings and the economy in general, and therefore falls outside the normal functioning of the market.
- (85) Since March 2020, Member States adopted measures that aimed to limit the spread of the coronavirus, e.g. travel restrictions for non-essential travels, closure of borders, closure of non-essential shops, obligation for companies to organise working from home for every position where this is possible and various social distancing measures.
- (86) In that context, the COVID-19 pandemic can be considered as an exceptional occurrence within the meaning of Article 107(2)(b) TFEU.⁵⁸

3.3.3. Causal link between the damage compensation and the COVID-19 pandemic

⁵⁷ ECDC's Rapid Risk Assessment, Outbreak of novel Coronavirus disease 2019 (COVID-19): increase transmission globally – fifth update, 2 March 2020.

⁵⁸ See Commission Decision of 12 March 2020 in State aid case SA.56685 (2020/N) – Denmark – Compensation scheme for cancellation of events related to COVID-19, OJ C 112, 03.04.2020, and Commission Decision of 31 March 2020 in State aid case SA.56765 (2020/N) – France – COVID-19 Moratoire sur le paiement de taxes et redevances aéronautiques en faveur des entreprises de transport public aérien sous licences d'exploitation délivrées par la France.

- (87) The Commission has examined the aid pursuant to Article 107(2)(b) TFEU, which requires a direct link between the damage and the exceptional occurrence for which the State aid measure provides compensation. That assessment has led to the following observations.
- (88) The notified measure aims at compensating TAP for the damage suffered due to the COVID-19 restrictions during the compensation period (recital (3)).
- (89) As described in detail in section 2.2, the COVID-19 pandemic has resulted in travel restrictions all over the world and the closing down of the vast majority of passenger air transport. Those containment measures were intended to avoid the spread of the virus, but they negatively affected the aviation sector. The damage suffered by TAP is directly linked to the COVID-19 pandemic through the effects on TAP's flights of the travel restrictions imposed by Portugal and Morocco.
- (90) The measure aims at compensating losses suffered by TAP on 44 specific routes - listed in section 2.5 - between 1 July and 30 December 2020 and between 1 November and 30 December for routes to and from Canada, where specific governmental restrictions implemented by Portugal - and Morocco - were in force with respect to countries listed in recital (4). Such restrictions took the form of a flight ban on non-essential travels from Portugal to the third countries, as listed in Table 1. Essential travels and repatriation flights took place during the period, as exposed in recital(13).
- (91) As detailed in Table 1, Portugal – and Morocco – imposed flight bans on non essential travels during the compensation period. As shown in Table 6 to Table 23, those bans on travels were so extensive that they *de facto* excluded all customers of TAP, including business customers. This is the case for example for flights to/from Morocco, Israël, Russia, Gambia, Ghana, Togo, Ivory Coast, flights on the route Lisbon-NewYork, on some routes to/from Brazil (Belem, Natal, Porto Alegre) and on two routes to/from Cape Verde. On those destinations, TAP did not operate a single commercial flight during the period. For the other destinations, essential flights were allowed by the competent authorities of each country during the compensation period, subject to prior request, reciprocity and agreement. In addition to the cancellation of all flights on some destinations, the Commission also regards the prohibition of non-essential travels as capable of directly affecting very significantly the customer-base of an airline, as some types of travels are not allowed to a given country (*e.g.* for leisure).
- (92) The measure seeks to compensate losses on international and intercontinental flights. Long-haul flights usually involve higher variable costs than short-haul flights⁵⁹. Therefore, even if essential travellers could fly on specific destination countries, the travel restrictions applied on the specific routes eligible for compensation under the measure prevented TAP from transporting a vast majority of passengers, as certain flights that would have otherwise been operated had to be cancelled due to the travel restrictions. That conclusion is not

⁵⁹ Variable costs such as fuel, onboard catering services, ground handling services and airport charges increase with long-haul flights given the duration of the flight and the size of the aircraft.

undermined by the entitlement of individuals to return to their respective country of nationality or residence, as in the context of the pandemic it is very likely that those individuals would travel only one way (and one time).

- (93) Therefore, the travel restrictions introduced by Portugal - and Morocco - had the effect of rendering the provision of air transport services on the routes listed in section 2.5 de facto impossible, thus directly affecting TAP's operations.
- (94) The traffic data provided by Portugal evidence the direct consequences of the travel restrictions on TAP's activity on the 44 specific routes concerned. Indeed, as shown in the Tables included in section 2.5 (Table 6 to Table 23), TAP either had to cancel all its flights to/from certain destinations (mentioned at recital(93)), or considerably reduced its flights to/from other selected destinations. For example, in the case of Morocco, Israel or Russia, TAP completely suspended its operations to/from the destination country. For the USA (except for the route to/from New York) and countries of Portuguese language (listed in footnote 7), TAP could fly to those destinations with significant decrease in passengers transported and flights operated compared to the second semester 2019. There is therefore a direct link between the existence of the travel restrictions and the losses incurred by TAP on the 44 routes.
- (95) The Commission considers that, for the purposes of calculating the damage subject to possible compensation under Article 107(2)(b) TFEU, net losses - as calculated in Table 25 - occurring during the period 1 July to 30 December 2020 on each of the routes listed in section 2.5 (in the case of the route Lisbon-Toronto, from 1 November to 30 December 2020) can be considered as damage directly linked to the exceptional occurrence.
- (96) The Commission concludes that there is a direct link between the damage and the COVID-19 pandemic due to the travel restrictions adopted by Portugal - and Morocco -, affecting the 44 routes to the countries listed in recital (4) operated by TAP during the compensation period.

3.3.4. Proportionality of the damage compensation

- (97) In order to be compatible with the internal market pursuant to Article 107(2)(b) TFEU, the aid must be proportional to the damage directly caused by the exceptional occurrence. Aid must not result in overcompensation of damage. It should only make good the damage caused by the exceptional occurrence.

Proportionality ensured by the applied methodology

- (98) To effectively ensure proportionality, it is necessary to analyse the assumptions and evidence on which the calculation of the damage is based. In particular, it is necessary to look at how the exceptional occurrence has actually and directly affected the operations of TAP and what actual impact it has had on the costs and revenues of the company.
- (99) The Commission notes that, during the compensation period, a route-by-route analysis has to be undertaken since only specific routes to/from certain countries were affected by the relevant COVID-19 restrictions. The route-by-route analysis submitted by Portugal and described in section 2.8 appropriately identifies the

damage attributable to the COVID-19 restrictions, as it targets only specific routes which suffered from the damage, excluding routes where no travel restriction applied during the compensation period.

- (100) By comparing routes affected by the COVID-19 restrictions during the compensation period and domestic routes not affected by them within that period⁶⁰, it is possible to distinguish the loss of passengers due to the COVID-19 restrictions from the number of passengers that would have been lost in any event regardless of the COVID-19 restrictions. That methodology appropriately identifies what would have been the level of passengers absent the COVID-19 restrictions (*i.e.* the counterfactual) and thus seeks to strip out from the delta of losses on a route those passengers who would not have used aviation services during the compensation period for reasons other than the travel bans. The methodology thereby allows an appropriate assessment of the damage arising as a direct consequence of the COVID-19 restrictions on the routes subject to the restrictions.
- (101) The approach to counterfactual revenues and variable costs based on the retention rate on the one hand, and the linear approximation to estimate counterfactual fixed costs on the other hand (recitals (57) to (67)), appropriately takes into account the impact of large variations of output on revenues and the different types of costs, reflecting the economies of scale that characterise the cost structure of an airline⁶¹. The damage suffered from the discontinuation or drastic reduction of the air transport services provided should include a portion of the fixed costs incurred by TAP in the compensation period, to which the services in the routes in question would have contributed in the absence of the exceptional occurrence causing the travel restrictions. Fixed costs can show some variation when confronted with large variations of output, as the one affecting TAP, although any such variation is likely to be less than proportional with respect to output. The retention rate, the estimates of counterfactual revenues and variable costs, as well as the linear adjustment of fixed costs submitted by TAP and their allocation based on the 2019 data route-by-route have been verified by the Commission, allowing to conclude that they provide a reliable estimate of the relevant revenues and costs that should be apportioned to the routes concerned.
- (102) The Commission considers that the methodology notified by Portugal allows a precise calculation of the damage attributable to the COVID-19 restrictions. The route-by-route analysis notified by Portugal (recitals (25) to (45)) provides a reliable method to calculate as precisely as possible the damage suffered by TAP directly due to the travel restrictions in place on a number of selected routes operated by the beneficiary.
- (103) The Commission established as precisely as possible the damages directly linked to the travel restrictions on the operational activities of TAP by verifying the calculations and their underlying assumptions, as well as by correcting the final damage amount.

⁶⁰ See recitals (57) to (64).

⁶¹ The linear relationship between the total fixed costs and the subset of fixed costs apportioned to the routes concerned is objective and adequate, in the absence of empirical evidence that a non-linear relationship (e.g. concave or convex) would be better suited for a short term period of six months.

- (104) The Commission scrutinised the application of that methodology to the 44 routes operated by TAP from Portugal to the countries listed in recital (4), for which the Commission concludes that there was a direct link between the damages suffered by TAP and the travel restrictions in force.
- (105) On the basis of the information submitted by Portugal, the Commission calculated the loss of profit on the 44 eligible routes of TAP, according to the methodology described in recitals (50) to (67), as shown in Table 25.

Table 25 - Figures for all compensated eligible routes of TAP

	Number of passengers ('000s)	Revenues (EUR '000s)	Variable costs (EUR '000s)	Fixed costs (EUR '000s)	Profit (EUR '000s)
Actual 2019	[...]	[...]	[...]	[...]	[...]
Adjusted based on [...] % of 2019 passengers	[...]	[...]	[...]	[...]	[...]
Actual 2020	[...]	[...]	[...]	[...]	[...]
Estimated damage	n/a	n/a	n/a	n/a	[...]

Data from the notification, Commission calculations

- (106) Portugal initially considered the whole month of December 2020 in its calculations, that is 31 days: Table 25 includes, hence, the estimates for the whole of month of December. Considering that the travel bans imposed by Portugal lasted until 30 December 2020 (recital (12)), the Commission corrected the damage calculated by Portugal (EUR [...] million). The total amount has been reduced by EUR [...], which correspond to the damage suffered for one day, estimated using a prorata temporis method. The final damage estimated by the Commission amounts therefore to EUR 107 137 984⁶².
- (107) The relevant figures calculated by the Commission resulting from the application of that methodology based on the computation model developed by the Commission and fed with the input data provided by Portugal are displayed in Table 25 of the present decision, leading to an overall damage of EUR 107.1 million for the compensation period.

Commitments from Portugal

- (108) An independent expert will audit and verify the damage calculation, which the Commission has also verified, based on TAP's certified financial statements of 2020. Additionally, Portugal will provide a report no later than one year after the date of adoption of the Commission decision, providing the results of the assessment of the damage suffered by TAP during the period from 1 July to 30 December 2020 as a result of the COVID-19 restrictions, based on the consolidated accounts of TAP for the year 2020, audited and duly certified by an

⁶² This amount is calculated as: [...] = EUR 107 137 984.

independent expert – (recital (69)d). If that additional assessment were to show that TAP has been overcompensated, Portugal commits to ensure that TAP will repay any such overcompensation.

- (109) Furthermore, Portugal will put in place a number of additional safeguards to avoid any overcompensation (recital(69)). Those safeguards ensure in particular that any payment exceeding the damage suffered as a direct consequence of the COVID-19 restrictions will be recovered. Any payment to TAP regarding the aid will be net of any amount recovered by insurance, litigation, arbitration or other source for the same damage. The aid under the measure will not be cumulated with any other aid for the same eligible costs.
- (110) The Commission recalls that it authorised rescue aid to TAP SGPS by decision of 10 June 2020. That decision was annulled by the General Court and the rescue aid was subsequently authorised under Article 107(3)(c) TFEU by the Commission’s decision adopted on 16 July 2021 (see recital (16)). TAP SGPS is a holding company with an 8% stake in the beneficiary at present (see recital (14)) and controlling interest in other companies than TAP. The rescue aid to TAP SGPS in the form of interest-bearing guarantees and loans covered projected shortfalls of operating costs of TAP SGPS for the period from June 2020 to December 2020. The rescue aid in the form of guarantees and loans payed costs owed to *e.g.* staff and suppliers and remains outstanding debt. The cost amounts financed with the rescue aid in question are *de facto* rolled over as repayable debt that is addressed in the restructuring of the broader business perimeter of TAP SGPS. The costs of the rescue are not paid and cancelled out, unlike the costs of damage that are covered by the compensation to TAP.
- (111) The damage compensation granted to TAP under Article 107(2)(b) TFEU will cover only damages directly suffered by TAP during the compensation period as a consequence of travel restrictions due to the COVID-19 pandemic in the compensation period (second half of 2020). In contrast, the rescue aid, which is part of the envisaged restructuring plan of TAP SGPS, covers different costs, which go beyond the damages incurred by TAP as a consequence of the travel restrictions. In that setting, the payment of the compensation to TAP is a cash inflow that reduces the costs to be incurred in the restructuring of TAP SGPS so that there is no cumulation on the same costs.
- (112) It follows that the objectives pursued and the legal bases of compatibility of the rescue aid measure and of the damage compensation measure are distinct, as well as the costs covered by each aid measure.
- (113) The rescue aid granted to TAP SGPS under Article 107(3)(c) TFEU will not be compensating part of the damage suffered by TAP and compensated under the measure. Accordingly, the Commission concludes that the measure will cover damage that is not compensated by other measures. Therefore, the aid granted under the measure does not entail cumulation with aid granted under other measures for the same eligible costs.

Conclusion on proportionality

(114) Hence, the Commission considers that the compensation of EUR 107 137 984 for losses incurred on the 44 eligible routes described in recitals (26) to (45) (Tables 6 to 23 and 25) is proportionate and does not exceed what is necessary to make good the damage incurred by TAP and directly linked to the travel restrictions imposed during the compensation period because of the exceptional occurrence.

3.3.5. Conclusion on compatibility of the measure with Article 107(2)(b) TFEU

(115) In view of the above, the Commission considers that the damage incurred by TAP on 44 intercontinental and international routes from/to selected countries between 1 July and 30 December 2020 is the direct consequence of an exceptional occurrence and that the compensation for the amount of EUR 107 137 984 is proportionate with respect to the damage incurred and, therefore, the measure is compatible with the internal market in accordance with Article 107(2)(b) TFEU.

4. CONCLUSION

(116) The Commission has decided not to raise objections to the aid to Transportes Aéreos Portugueses S.A., on the grounds that it is compatible with the internal market pursuant to Article 107(2)(b) of the Treaty on the Functioning of the European Union.

If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site:

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Your request should be sent electronically to the following address:

European Commission,
Directorate-General Competition
State Aid Greffe B-1049 Brussels
Stateaidgreffe@ec.europa.eu

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

